



U.S. Small Business Administration

SEATTLE DISTRICT OFFICE

Issue 7

## ***SBA REPORTER***

A Quarterly Update for Western Washington's  
Small Business Community

### June 2003

#### **A message from Bob Meredith, SBA Seattle District Director**



The Seattle District Office celebrated its annual small business awards celebration - *a BIG night for small business* - on May 29. The room at the Bell Harbor Convention Center was filled to capacity, and attendees were treated to keynote speaker Phil Smart, Sr.'s inspiring and touching stories about his volunteer experiences in the community over the last 40 years.

We couldn't have done it without the help of our sponsors, contributors, winners, and guests. Thanks to so many of you for being part of our event! We look forward to your continued support and participation in the future.

In this issue we tell you about SBA's Economic Injury Loans Program for Military Reservists; let you know about free counseling and training on OSHA programs for small business owners at the SBA's Business Enterprise Center in Seattle; excerpt an article about extraterritorial income exclusions for exporters; describe SBA's Pre-Disaster Mitigation Loan Program; give you a heads-up about Biz Fair 2003; and more.

#### **SBA Loan Briefings 2<sup>nd</sup> and 4<sup>th</sup> Thursday Noon – 1:00 p.m.**

The SBA is the largest source of long-term small business financing in the nation. Private lenders make loans and the SBA guarantees a percentage of the loan amount up to \$1 million.

SBA loan specialists offer free loan briefings from noon to 1:00 p.m. the second and fourth Thursday of every month in the Business Information Center. Pre-registration is not required, but attendees should arrive 15 minutes early to check in. More information is available at 206-553-7310 or 206-553-7311.

#### **MOU Between SBA and OSHA**

The SBA's Seattle District Office and the U.S. Department of Labor's Occupational Safety and Health Administration for Region X signed a memorandum of understanding in April that will offer small business owners free counseling and training on OSHA programs at the SBA's Business Enterprise Center in Seattle.

Workshops will be offered the third Monday of every month, from noon to 1:00 p.m., at the SBA's Business Enterprise Center located at 1200 Sixth Avenue, Suite 1700 in downtown Seattle, beginning April 21. OSHA staff members will present information about safety and health programs and how they affect businesses. Participants will receive a Small Business CD containing OSHA standards, required Federal and State posters, recordkeeping requirements, and other free resources, and will be able to ask questions.

OSHA will also provide one-on-one counseling on the third Monday of each month from 1:00 p.m. to 4:00 p.m. in the SBA's Business Enterprise Center.

**SBA's Pilot  
Loan Program  
Helps Small  
Businesses  
Protect  
Themselves**

Small business owners can apply for U.S. Small Business Administration Pre-Disaster Mitigation loans to cover the cost of protecting their business property from damages caused by future disasters.

The Pre-Disaster Mitigation Loan Program is a two-year pilot program—available during Federal fiscal years 2003 and 2004—and supports the goals of the Federal Emergency Management Agency's disaster mitigation program. Small businesses may borrow up to \$50,000 to protect their property by taking specific measures to prevent—or mitigate—disaster damage.

The business' mitigation measure must conform to the goals of the mitigation plan for the community, as defined by FEMA, where the business is located.

Under this pilot program, applications can be accepted during the application filing period only, which begins June 16 and ends July 16, 2003. The interest rate is fixed at 2.953 percent, with loan terms up to a maximum of 30 years.

To download an application and get more information about the Pre-Disaster Mitigation Loan program, visit the Web site at [www.sba.gov/disaster](http://www.sba.gov/disaster). Small businesses located in Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Washington, American Samoa, Commonwealth of the Northern Mariana Islands, Federated States of Micronesia, Guam or Republic of the Marshall Islands may contact SBA at P.O. Box 13795, Sacramento, CA 95853 or by calling toll-free (800) 488-5323.

**Seattle District  
Office Welcomes  
Brent Appelgren,  
Legal Counsel**



Meet Brent Appelgren, Seattle District Office's new legal counsel. Brent joined the SBA's Seattle District Office in March 2003. Among other duties, Brent reviews 504, 7(a), and prequalification loan authorizations; monitors litigation; reviews 8(a) mentor agreements, joint venture agreements, memoranda of understanding, and cosponsorships; and provides opinions of counsel on a variety of loan liquidation and servicing matters.

Brent particularly enjoys litigation. He joined the SBA in Phoenix in 1986 where he was appointed "Special Assistant U.S. Attorney" and litigated hundreds of cases for the SBA. In his early SBA years he was often in Bankruptcy Court four or five times a week. No longer directly involved in litigation, he still enjoys discussing bankruptcy and other legal issues with lenders and their attorneys.

Brent grew up in Montana and attended the University of Montana where he earned a B.A. in Business Administration in Accounting. He attended Gonzaga University School of Law in Spokane. Outside work, Brent enjoys running. He runs about 30 miles a week and competes in half a dozen or more 5K and 10K races a year. He also golfs, hikes, and reads "an abundance of fiction."

When asked about his impressions of Seattle Brent confessed he missed the sunshine the first month (March) that he was here. "Seattle is stunningly beautiful, and there are so many recreational opportunities," he added. "I also feel privileged to work with the Seattle District Office's "knowledgeable, dedicated, and conscientious staff."

<p><b>Discharged Military Reservists Have 90 Days To Apply For SBA Economic Injury Loans</b></p>	<p>Small businesses with essential employees returning from active duty in the armed services still have 90 days to apply for Military Reservist Economic Injury Disaster Loans from the U.S. Small Business Administration. The filing period ends 90 days after the date the employee or owner is discharged from active duty.</p> <p>The MREIDL program provides loans to eligible small businesses to cover operating costs that would have been covered, but cannot be met because an essential employee was called to active duty during a period of military conflict in his or her role as a military reservist.</p> <p>Small businesses may apply for MREIDLs of up to \$1.5 million if they have been financially affected by the loss of a key employee. These working capital loans may be used to pay fixed debts, payroll, accounts payable, and other bills that cannot otherwise be paid. The interest rate on these loans is 4 percent or less, with a maximum term of 30 years. The SBA determines the amount of economic injury, the term of each loan and the payment amount, based on the borrower's financial circumstances.</p> <p>To download the application, visit the Web site at <a href="http://www.sba.gov/disaster">www.sba.gov/disaster</a>. Local businesses can also call 1-800-488-5323 to obtain an MREIDL application.</p>
<p><b>Exporters, Are You Taking All Your Allowable Income Tax Deductions?</b></p> <p>From an article by Pru Balatero, Regional Manager, International Trade Programs for the SBA</p>	<p>I met with a client, Jim, to discuss SBA's finance programs for exporters. Jim owns a small exporting company. He eagerly told me about the Extraterritorial Income Exclusion income tax deduction he had recently become aware of. Through an informal telephone survey of small and medium size exporters, I discovered that they had not heard of EIE. Even Jim's accountant did not know about the deduction.</p> <p>EIE stands for Extraterritorial Income Exclusion. Extraterritorial Income is the gross income of the taxpayer attributable to foreign trading gross receipts. IRS Form 8873 is the form used for this Income Exclusion. You can download the Form 8873 from <a href="http://www.irs.gov">www.irs.gov</a>.</p> <p>Individuals, corporations (including S corporations), partnerships, and other pass-through entities are entitled to the exclusion if they have extraterritorial income. Generally, the Extraterritorial Income Exclusion applies to transactions after September 30, 2000.</p> <p>In general, qualifying foreign trade income is the amount of gross income that, if excluded, would result in a reduction of taxable income by the greatest of: 15% of foreign trade income; 1.2% of foreign trading gross receipts, or 30% of foreign sale and leasing income.</p>

**Biz Fair 2003 –  
Washington's  
Largest Free  
Small Business  
Fair**

This year's Biz Fair will take place Saturday, September 6, from 8:30 a.m. to 4:00 p.m. Biz Fair offers about 30 seminars taught by local small business experts and representatives from government agencies and business and trade associations. Also scheduled is a panel discussion, "Are you looking for cash for your business?"

No advance registration is required. Parking is free and space is plentiful. The college cafeteria will be open for snacks and for lunch. A list of seminar topics and directions to Biz Fair are available at [www.bizfair.org](http://www.bizfair.org).

**Saturday, September 7, 2002 (8:30 - 4:00)**  
**Renton Technical College**  
**3000 NE 4<sup>th</sup> St.**  
**Renton, Washington**

**SBA Seattle District Office**  
**1200 Sixth Avenue, Suite 1700**  
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**For the latest on SBA's programs and services, go to Seattle District Office's homepage:**  
**[www.sba.gov/wa/seattle](http://www.sba.gov/wa/seattle)**